

CHAPTER 142**DETERMINATION OF ANNUAL SALARIES FOR DEPUTY SHERIFFS***H.F. 515*

AN ACT relating to the determination of annual salaries for deputy sheriffs.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 331.904, subsection 2, Code 1997, is amended by striking the subsection and inserting in lieu thereof the following:

2. Each deputy sheriff shall receive an annual base salary as follows:

a. The annual base salary of a first or second deputy sheriff shall not exceed eighty-five percent of the annual base salary of the sheriff.

b. The annual base salary of any other deputy sheriff shall not exceed the annual base salary of the first or second deputy sheriff.

c. The sheriff shall set the annual base salary of each deputy sheriff who is classified as exempt under the federal Fair Labor Standards Act of 1938, as amended, subject to the limitations specified in paragraphs "a" and "b". The sheriff shall certify the annual base salaries of the exempt deputy sheriffs to the board and, if the limitations of paragraphs "a" and "b" are not exceeded, the board shall certify the annual base salaries to the county auditor.

d. The board shall set the annual base salaries of any deputy sheriffs who are not classified as exempt under the federal Fair Labor Standards Act of 1938, as amended. Upon certification by the sheriff, the board shall review, and may modify, the annual base salaries of the deputy sheriffs who are not classified as exempt. The annual base salaries set by the board are subject to the limitations specified in paragraphs "a" and "b".

e. As used in this subsection, "base salary" means the basic compensation excluding overtime pay, longevity pay, shift differential pay, or other supplement pay and fringe benefits.

Approved May 14, 1997

CHAPTER 143**SEED AND VENTURE CAPITAL — CAPITAL
INVESTMENT BOARD — TAX CREDITS***H.F. 722*

AN ACT relating to establishing a capital investment board, tax credits, termination of the Iowa seed capital corporation, establishing a capital transition board, and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. NEW SECTION. 15E.181 PURPOSE.

The purpose of this division is to enhance the quality of life for citizens of the state by encouraging the creation of new jobs, industry, products, and wealth through the increased availability and accessibility to capital, particularly at the seed capital and venture capital investment stages.

Sec. 2. NEW SECTION. 15E.182 IOWA CAPITAL INVESTMENT BOARD.

1. An Iowa capital investment board is established and shall be composed of the following members:

- a. The treasurer of state.
- b. The director of the department.
- c. Three members selected by the governor and confirmed by the senate pursuant to section 2.32.

2. a. The three members selected by the governor shall serve six-year staggered terms as determined by the governor. A vacancy shall be filled by the governor for the remaining portion of the unexpired term. A member is eligible for reappointment.

b. Members of the board are entitled to receive a per diem as specified in section 7E.6 for each day spent in performance of duties as members and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties as members.

c. The board shall annually elect a chairperson from among its members.

3. The Iowa capital investment board shall do the following:

a. Facilitate public and private investment in a series of state, regional, or national seed and venture capital funds willing to invest in Iowa seed and venture capital opportunities. Funds selected for investment must focus on economic or industry sectors targeted for development by the state. To the extent feasible, priority shall be given to state funds before consideration of regional or national funds. In selecting funds for investment, the board shall seek to maximize benefits which inure to seed and venture capital opportunities in Iowa.

b. Facilitate the creation of a small business investment company to maximize the leverage from available federal and private sources for investment in seed and venture stage companies in the state.

c. Coordinate with other existing publicly created or supported seed and venture investment funds to gain the highest investment leverage with the lowest possible administrative costs for the state.

d. Report annually to the governor and the general assembly on the investments made pursuant to this division, the current and anticipated value of such investments, the current and anticipated value of any tax credits given, and the estimated current and anticipated impact such investments have on the state.

e. Conduct an annual risk analysis which matches the current and anticipated value of investments made pursuant to this division with the current and anticipated value of any tax credits given. If the anticipated value of any tax credits given exceeds the anticipated value of investments, the department shall establish a reserve account within the strategic investment fund sufficient to cover such losses to the general fund of the state in the event of the termination of the Iowa capital investment board.

4. If tax credits are used to facilitate investment pursuant to subsection 3, paragraph "a" or "b", the tax credits shall only be redeemed for the amount of principal invested, and only based on losses at the time of the termination or insolvency of the Iowa capital investment board.

5. The general assembly is not obligated to appropriate any moneys to pay for any defaults or to appropriate any moneys to be credited to the board programs beyond the tax credits approved in section 15E.183, and the board in administering this section shall not give or lend the credit of the state of Iowa.

6. On or before July 1, 1998, the Iowa capital investment board shall select and appoint, through a competitive selection process and based on criteria established by the board, an executive director to conduct the affairs of the board. To the extent feasible, the selection of any fund managers, investment advisors, or other consultants shall also be through a competitive selection process and based on criteria established by the board.

7. The Iowa capital investment board shall adopt procedures, policies, and rules pursuant

to chapter 17A, and other administrative measures necessary to carry out the purpose of this division and administer the programs and business of the board.

Sec. 3. NEW SECTION. 15E.183 TAX CREDITS.

1. For tax years beginning on or after January 1, 1997, there shall be allowed a tax credit against the taxes imposed in chapter 422, divisions II and III, for net losses incurred by the Iowa capital investment board. The aggregate amount of tax credits issued under this section shall not exceed thirty million dollars. An individual may claim the credit of a partnership, limited liability company, subchapter S corporation, estate, or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, subchapter S corporation, estate, or trust. A taxpayer shall not claim tax credits under this section which exceed the total amount invested by the taxpayer in the Iowa capital investment board. Any tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following three years or until depleted, whichever is earlier. A tax credit shall not be carried back to the tax year prior to the tax year in which the termination or insolvency of the Iowa capital investment board occurs. A tax credit shall not be refunded.

a. The Iowa capital investment board shall furnish to each person making an investment in the Iowa capital investment board during the preceding year a written statement showing the name of the investor, taxpayer identification number, the total amount of investment in the Iowa capital investment board made by such person, and such other information as the director of revenue and finance may require. The statement shall be attached to the income tax return of such person in order to qualify for the tax credit.

b. The taxpayer making the original investment in the Iowa capital investment board may, during the year of the termination or insolvency of the Iowa capital investment board or during the three years following such termination or insolvency, transfer any unused tax credit to another taxpayer who may use the tax credit against the taxes imposed under chapter 422, divisions II and III, for any tax year the original investor could have claimed the tax credit.

2. The department of revenue and finance shall, in consultation with the Iowa capital transition board, develop a system for the registration, issuance, transfer, or redemption of tax credits issued by the state under this section. The department shall also, in consultation with the Iowa capital transition board, adopt any other policies, procedures, or rules pursuant to chapter 17A necessary for the administration of tax credits issued by the state under this section.

Sec. 4. NEW SECTION. 15E.184 SUPPORT.

The department shall provide staff assistance, physical facilities, and other support as necessary.

Sec. 5. TERMINATION OF THE IOWA SEED CAPITAL CORPORATION. On or before June 30, 1998, the board of directors of the Iowa seed capital corporation shall wind up the affairs of the corporation, including the transfer of remaining assets and liabilities to the Iowa capital investment board, termination of staff, and dissolution of the corporation. In the event that the remaining assets and liabilities cannot be transferred to the Iowa capital investment board, the board of directors of the Iowa seed capital corporation shall liquidate all assets, settle existing liabilities, and transfer remaining moneys to the general fund of the state.

Sec. 6. IOWA CAPITAL TRANSITION BOARD.

1. The Iowa capital transition board is created to coordinate the transition from the state's present seed and venture capital activity to the opportunities provided by the Iowa capital investment board.

2. The membership on the Iowa capital transition board shall consist of all of the following members:

- a. The treasurer of state.
- b. The director of the department.
- c. The director of the department of personnel.
- d. The chairperson of the board of directors of the Iowa seed capital corporation.
- e. Three other private citizen members selected by a majority of the Iowa capital transition board members designated in paragraphs "a" through "d". Selection shall be based on established experience, expertise, and background in the areas of venture capital investments, entrepreneurial businesses, and seed and venture capital issues in general.

3. The Iowa capital transition board shall select a chairperson from among its members once all of the members of the board have been selected.

4. The duties of the Iowa capital transition board shall include, but are not limited to, the following:

a. Advise and consult with the department of revenue and finance in the development of the capital tax credits system.

b. Advise and consult with the board of directors of the Iowa seed capital corporation in the transition of Iowa seed capital corporation assets and liabilities to the Iowa capital investment board.

c. Advise and consult with the board of directors of the department of economic development on the coordination of existing department financial assistance programs with the seed and venture capital opportunities provided by this division.

d. Provide recommendations to the Iowa capital investment board regarding the carrying out of the Iowa capital investment board's duties.

5. The department of economic development shall provide the board with staff assistance, physical facilities, and other support as necessary.

6. The existence of the Iowa capital transition board shall be terminated on July 1, 1998, unless the board is terminated at an earlier time by a majority vote of the members.

Sec. 7. **EFFECTIVE DATE.** This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 14, 1997

CHAPTER 144

ENTERPRISE ZONES

H.F. 724

AN ACT relating to investments in counties and cities by providing for the establishment of enterprise zones in areas of counties and cities for which tax incentives and assistance are available for eligible businesses locating or located in the enterprise zone.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. NEW SECTION. 15E.181 **INTENT.**

It is the intent of the general assembly that this division be administered in a manner to promote new economic development in economically distressed areas by encouraging communities to target resources in ways that attract productive private investment.